Missouri Retail Trade 2002

INDUSTRY ANALYSIS

P-0903-1
September 2003

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

MERIC

MISSOURI ECONOMIC RESEARCH & INFORMATION CENTER

Missouri Retail Trade 2002

Key Findings

- In 2002, retail sales in Missouri amounted to $39.62 billion. Compared to 2001, there has been little growth in retail sales (0.02 percent increase), when $39.61 billion was generated, (adjusted to 2002 dollars). Compared to 1998, this is an increase of 0.73% when retail sales amounted to $39.34 billion (adjusted to 2002 dollars).

- The majority of 2002 retail sales in Missouri were from miscellaneous retail stores (26.4 percent), general merchandise stores (21.1 percent) and food stores (17.3 percent).

- Branson, the Lake of the Ozarks, Springfield, Cape Girardeau, Joplin, Liberty and the larger rural towns located near interstates continue to experience the largest gains in retail consumers/sales from outside their county borders.

- Based on 2002 pull factors, 8 counties (7 percent) experienced the largest gains in retail consumers/sales from outside their borders. These included Taney, Camden, Greene, Cape Girardeau, Jasper, DeKalb, Miller and Clay counties.

- Retail gains in Camden and Taney counties are due to the presence of major tourism/recreation amenities in Branson and the Lake of the Ozarks.

- Greene and Jasper counties experienced retail trade gains because they are the major metropolitan areas in the southwest part of the state, and act as regional trade centers for that area.

- Lastly, retail trade gains occurred in larger rural towns because they are located near major highways and junctions, and serve as regional trade centers due to their distance from major metropolitan areas.

- A large proportion of counties experienced losses in retail consumers/sales to other areas, especially 40 counties (35 percent) statewide. Counties experiencing the largest losses were Worth, Putnam and Caldwell.

- Those counties most negatively affected were located in the northern portion of Missouri neighboring Iowa, or near metropolitan regional trade centers.

- Another large proportion of Missouri counties captured all of their local demand for retail sales from within their borders. These 45 counties (39 percent) are spread throughout the state.

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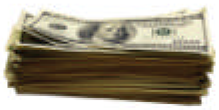
Where Missourians shop for retail goods and services

Retail sales surplus data for 2002 indicate that the most often visited places to purchase various retail products and services in Missouri were as follows:



Overall, the top ten places to purchase retail goods and services were Springfield, Kansas City (Blue Springs, Gladstone, Grandview, Independence, Kansas City, Lee's Summit, Liberty and Raytown); St. Louis City suburbs (Chesterfield, Clayton, Ferguson, Florissant, Kirkwood, Manchester, Maryland Heights, University City and Webster Groves); Joplin, Branson, Columbia, Cape Girardeau and the Lake of the Ozarks.

Springfield, Kansas City, Jefferson City and the Lake of the Ozarks are where Missourians buy lumber and other building materials; paint, glass, and wallpaper; hardware; nursery stock; lawn and garden supplies; and mobile homes.

Shoppers for apparel and accessories, furniture and home furnishings, small wares, hardware, and food were drawn to stores in Springfield, Joplin, Kansas City, Cape Girardeau and Columbia. These are the department store, variety store and general merchandise store customers.

Stores carrying food products for home preparation and consumption such as grocery stores; meat and fish (seafood) markets; fruit and vegetable markets; candy, nut, and confectionery stores; dairy products stores; retail bakeries; and miscellaneous food stores, were best performers in Kansas City, Springfield, Branson and St. Louis City suburbs.

For new and used automobiles, boats, recreational vehicles, utility trailers, motorcycles, new automobile parts and accessories, and gasoline service stations, Kansas City, St. Charles, St.Peters, O'Fallon, Lake St. Louis, Wentzville and Farmington were the best places to shop.

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St Louis City suburbs, Branson, Kansas City, Springfield and the Lake of the Ozarks were where Missouri residents purchased new clothing, shoes, hats, and related articles for personal wear and adornment.

The top places to shop for furniture, floor coverings, draperies, glass and chinaware, domestic stoves, refrigerators, and other household electrical and gas appliances; computer hardware and software; record and prerecorded tapes; musical instruments and other consumer electronics, were St. Louis City suburbs, Springfield, Columbia, Joplin and Cape Girardeau.

St. Louis City, Kansas City, Branson, Springfield and Columbia had the best sales in restaurants, lunch counters, and drinking places.

For other purchases including drugs, liquor, used merchandise, sporting goods, books, jewelry, cameras and photographic equipment, gift purchases, flowers, and catalogue and mail order items, Kansas City suburbs, St. Louis City suburbs, Springfield, St. Louis City and Joplin were the best performers.

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SEPTEMBER 2003

Principal Investigator
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I. Overview

Establishments engaged in retail trade primarily sell merchandise to the general public for personal or household consumption. Performance of the local retail trade sector is a key indicator of the economic vitality of local and state economies. For instance, retail purchases are mainly made by local residents and businesses, which may lead to employment growth, increased tax revenues and improved quality of life for a community. In fact, many localities use the expansion of the retail trade sector as an economic development strategy.

Performance of the local retail trade sector is a key indicator of the economic vitality of local and state economies. Retail purchases may lead to employment growth, increased tax revenues and improved quality of life for a community. The increased use of catalog, telephone, mail order and Internet shopping has adversely impacted taxable retail sales, resulting in decreased government revenues.

Also, retail trade affects the fiscal capacity of local governments to generate tax revenues in order to provide services. This is important given that sales taxes make up a significant component of local government revenues. Additionally, the presence of a strong retail trade sector is often considered an important asset for firms thinking of locating to a community.

On the other hand, retail trade creates little value-added benefits to the local economy, since these establishments purchase most of the goods they sell from outside the local area. In addition, increased retail sales in one geographic area often comes at the expense of lost sales in nearby areas – leading to a zero-sum game.

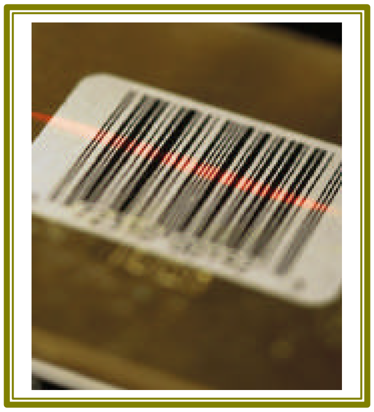
It is crucial then that policymakers understand the retail trade sector given the dynamic nature of the retail industry nationally. For instance, the growth of large retailer outlets and an increased concentration of large, multi-purpose supercenters across the nation, will often have a detrimental effect on small locally owned retail firms. This also leads to a decrease in the types and varieties of stores available to consumers. However, large retailers often draw numerous consumers to the area, acting as an anchor in the local economy by preventing declines in retail sales and tax revenues.

The increased use of catalog, telephone, mail-order and Internet shopping has also adversely impacted taxable retail sales, resulting in decreased government revenues. A 1992 U.S. Supreme Court ruling held that retailers couldn't collect and remit taxes owed on Internet purchases unless they have a physical presence in the customer's state. This is due to the complexity and diversity of states' sales tax programs. In order to collect the taxes, the court ruled, states would need to first streamline and simplify the existing policies.

A study[1], conducted by the Center for Business and Economic Research at the University of Tennessee based on data from Forrester Research, found the sales tax base on average has fallen significantly. This reduction is attributable to remote sales (e-commerce, telephone sales,

[1] State and Local Sales Tax Revenue Losses from E-Commerce: Updated Estimates, September 2001.

catalogue sales and cross-state shopping); shifts in consumer patterns away from consumer goods towards services which are less broadly taxed; and to legislated exemptions.



The authors estimated the state and local sales tax revenue losses from e-commerce amounted to $13.3 billion for 2001, $18.9 billion for 2002 and likely $26.2 billion for 2003. The losses for Missouri translate to $174.3 million or 1.42 percent of total state taxes as a result of a reduced tax base in 2001 (independent of remote sales). These losses are projected to continue increasing.

This report describes the performance of the retail trade sector for Missouri counties. The purpose is to provide local and state decision makers with information about the current retail trade situation at the county-level and its prospects for expansion. It should be noted that the results of this analysis are for aggregate retail sectors and should not be used to predict the success of individual firms. However, by knowing the relative strengths and weaknesses of the local retail sector, decision makers may be able to identify areas of opportunity. In addition, this analysis is unique in that performance of the local retail sector is assessed in relation to average retail spending statewide, while controlling for local population and income.

Did You Know?

Missouri's Retail Sector in 2002

Total Retail Sales	$39,621,471,947
Employment	496,381
% of Total Employment	21.9%
Total Wages	$8,686,451,716
Average Wage per job	$17,499.57
Number of Establishments	30,366

II. Methods

The retail trade industry includes establishments engaged in the selling of merchandise for business or household consumption, and the rendering of services incidental to the sale of these goods. Retail establishments are classified according to their primary economic activity, in this case the principal types of commodities sold (i.e. groceries, hardware, etc.) or the usual trade designation (i.e. drug store, cigar store, etc.). Some important characteristics of retail trade establishments are: (1) they usually are a place of business that seeks to attract the general public to purchase their goods; (2) they usually buy and sell products; (3) they may process products, but this is always subordinate to selling the product; and (4) they mainly sell to customers for personal or household use, not to institutions. Retail sales categories are defined by the U.S. Departments of Labor and Commerce as a series of Standard Industry Classification (SIC) codes.

Building Materials, Hardware and Garden Supplies
(SIC-52)
General Merchandise
(SIC-53)
Food
(SIC-54)
Automotive Dealers and Gasoline Service Stations
(SIC-55)
Apparel and Accessories
(SIC-56)
Home Furniture and Furnishings
(SIC-57)
Eating and Drinking
(SIC-58)
Miscellaneous Retail
(SIC-59)

Two measures are used to describe retail sales at the county level - pull factors and potential sales. Both measures are calculated from the taxable sales data that is collected by the Missouri Department of Revenue. Taxable sales consist of all sales reported by merchants who have establishments within a particular county. However, this data does not capture out-of-state sales by Missouri residents and businesses. For example, purchases from non-Missouri firms made by mail or the Internet will not be captured in the taxable sales data. These limitations aside, the taxable sales data is a good measure of retail sales occurring within a county.

Pull Factors (PF) are calculated to assess the performance of a county's retail trade sector. Pull factors estimate: (1) the portion of consumers and retail sales that a county draws from outside its boundaries; and/or (2) the degree of per capita retail sales expenditures of residents within the county relative to the state average. Based on 2002 U.S. Census population estimates, 71 percent of Missouri residents lived in metropolitan areas, 13.1 percent in micropolitan areas (a core based urban cluster of 10,000 or more persons), and 13.9 percent outside core-based statistical areas. The state per capita income was therefore modified to reflect these differences in population among the counties. The modified state per capita income is $31,971 (average per capita income for counties in the three largest metro areas in Missouri). 2001 comparison data is similarly adjusted.

Pull factors greater than 1.0 indicate that the county is attracting consumers from outside its borders; and/or that local residents are spending more on retail sales than the state average. Pull factors less than 1.0 indicate that the county is losing consumers to other areas; and/or that local residents are spending less on retail sales than the state average. Pull factors around 1.0 indicate that the county is capturing all retail trade in the county; or that retail spending by local residents is on par with the state average. The formula to calculate pull factors is presented below.

$$PF_{sector} = \left(\frac{TAC_{county}}{Population_{county}} \right)$$

Where:

$$TAC_{county} = \left(\left(\frac{Retail\ Sales_{county}}{Per\ Capita\ Retail\ Sales_{state}} \right) * \left(\frac{Per\ Capita\ Income_{state}}{Per\ Capita\ Income_{county}} \right) \right)$$

Potential Sales (PS) is used to estimate the amount of retail sales that could be achieved if local retail establishments captured 100 percent of the local market demand. PS compares expected sales in the county (given its population and income and assuming 100 percent local trade capture) to actual sales. The difference between these two numbers indicates the sales surplus or deficit in each retail category. This allows decision makers to see areas of sales gain or leakage. The formula to calculate potential sales is presented below.

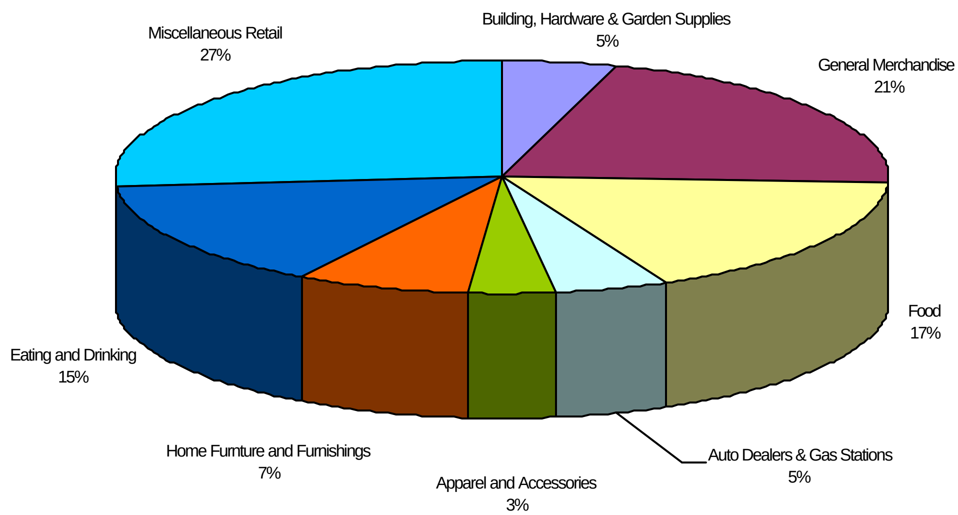
$$PS_{sector} = \left(\left(\frac{Retail\ Sales_{county}}{PF_{sector}} \right) - Retail\ Sales_{county} \right)$$

III. Missouri Retail Trade 2002 - Overview

In 2002, retail sales in Missouri amounted to $39.62 billion dollars. Compared to 2001, there has been little growth in retail sales (0.02 percent increase), when $39.61 billion was generated, (adjusted to 2002 dollars). Compared to 1998, this is an increase of 0.73% when retail sales amounted to $39.34 billion (adjusted to 2002 dollars). This growth in retail sales may be contrary to the expectation that the volume of retail trade would drop as a result of the recession. However it is important to note that retail is just one component of all taxable sales, which may have experienced a general decline.

The majority of 2002 retail sales in Missouri were from miscellaneous retail stores, general merchandise stores and food stores. Miscellaneous retail stores accounted for 26.4 percent of all retail sales; which sell drugs, liquors, books, jewelry, fuel oil, used goods, and also include non-store retailers. General merchandise stores accounted for 21.1 percent of all retail sales; which include department, variety and general stores. Food stores accounted for 17.3 percent of all retail sales; which sell groceries, baked goods, meats, vegetables and dairy products. Eating and drinking places accounted for 15.0 percent of all retail sales; which include restaurants, lunch counters, taverns and nightclubs.

Percent Retail Sales by Detailed Industry in Missouri, 2002



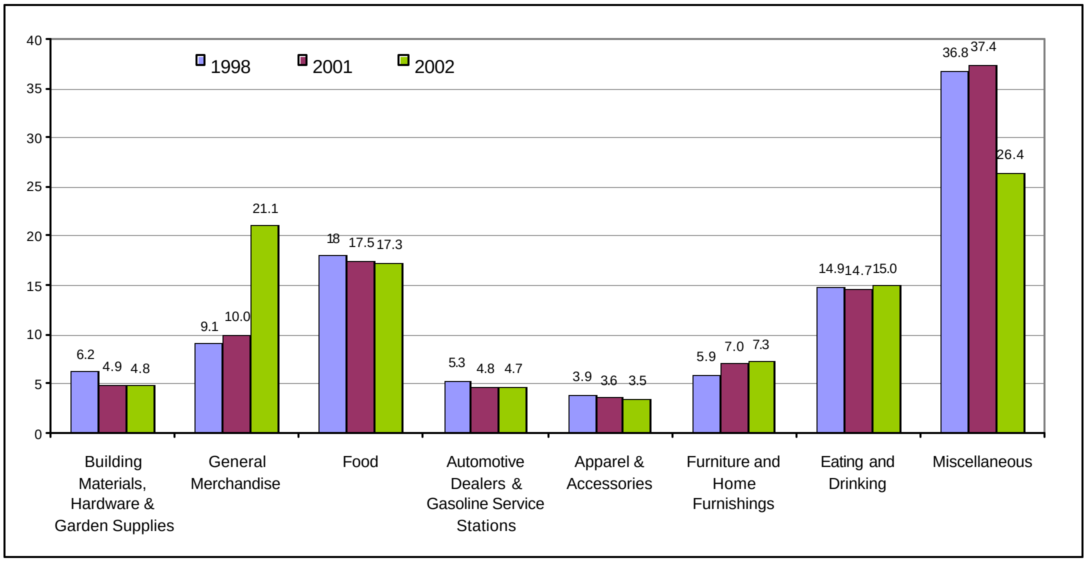
Source: Analysis by MERIC, MO Dept of Economic Development. Data from MO Dept of Revenue.

The largest share of retail trade was in miscellaneous sales. As a percent of total retail sales, miscellaneous sales declined sharply from 37.4 percent in 2001 to 26.4 percent in 2002. This represents the largest decline (11 percentage points).

General merchandise sales as a percent of total retail sales had the largest increase from 10.0 percent in 2001 to 21.1 percent in 2002. This is an increase of 11 percentage points, and indicates a shift from miscellaneous to general merchandise purchases.

In all other industries, there were very slight increases or decreases in the proportion of retail sales. The Food sales proportion declined slightly from 17.5 percent in 2001 to 17.3 percent in 2002. Eating and drinking sales increased slightly from 14.7 percent in 2001 to 15.0 percent in 2002. Home furniture and furnishings sales increased slightly from to 7.0 percent in 2001 to 7.3 percent in 2002.

Percent Retail Sales by Detailed Industry in Missouri, 1998, 2001 and 2002



Source: Analysis by MERIC, MO Dept of Economic Development. Data from MO Dept of Revenue.

In 2002, Branson, the Lake of the Ozarks, Springfield, Cape Girardeau, Joplin, Liberty and the larger rural towns located near interstates continue to experience the largest gains in retail consumers/sales from outside their borders. According to pull factors, 30 counties (26 percent) experienced gains in retail consumers/sales, and 40 counties (35 percent) experienced losses in retail consumers/sales. This indicates that there may be the potential for development of the retail trade sector in a large number of Missouri counties.

According to 2002 pull factors, 8 counties (7 percent) experienced the largest gains in retail consumers/sales from outside their borders. These included Taney, Camden, Greene, Cape Girardeau, Jasper, DeKalb, Miller and Clay counties. Retail gains in Camden and Taney counties are due to the presence of major tourism/recreation amenities in Branson and the Lake of the Ozarks. Greene and Jasper counties experienced retail trade gains because they are the major metropolitan areas in the southwest part of the state, and act as regional trade centers for that area. Lastly, retail trade gains occurred in larger rural towns because they are located near major highways and junctions, and serve as regional trade centers due to their distance from major metropolitan areas.

A large proportion of counties experienced losses in retail consumers/sales to other areas, especially 40 counties (35 percent) statewide. Counties experiencing the largest losses were Worth, Putnam and Caldwell. Those counties most negatively affected were located in the northern portion of Missouri neighboring Iowa, or near metropolitan regional trade centers.

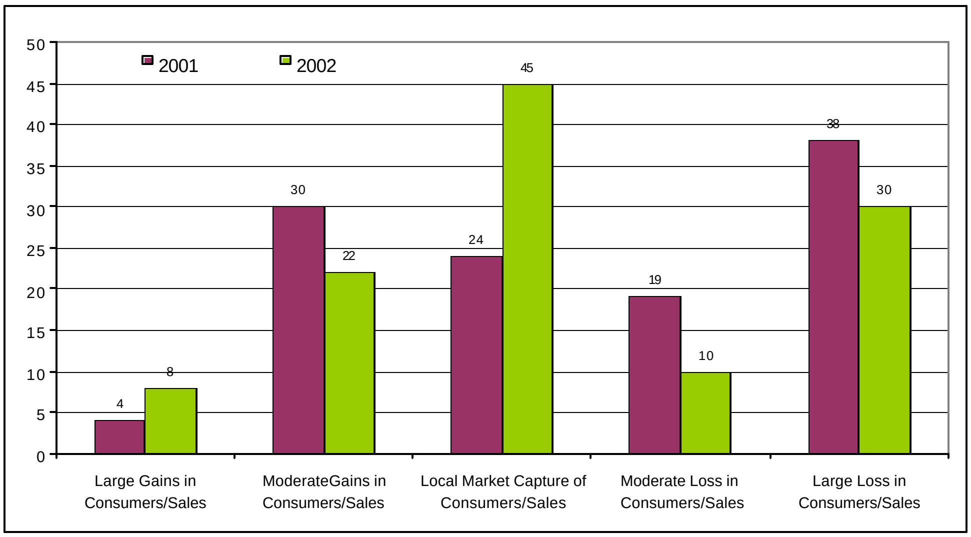
Another large proportion of Missouri counties captured all of their local demand for retail sales from within their borders. These 45 counties (39 percent) are spread throughout the state.

The number of Missouri counties that experienced a large gain of retail consumers/sales from outside their borders increased from 4 counties in 2001 to 8 counties in 2002.

In 2002, 45 counties captured all of their local demand for retail sales from within their borders as compared to 24 counties in 2001. This represents the largest difference between 2001 and 2002 in the degree of market capture.

Large losses of retail consumers/sales to counties outside their borders were experienced by 30 counties in 2002 as compared to 38 counties in 2001.

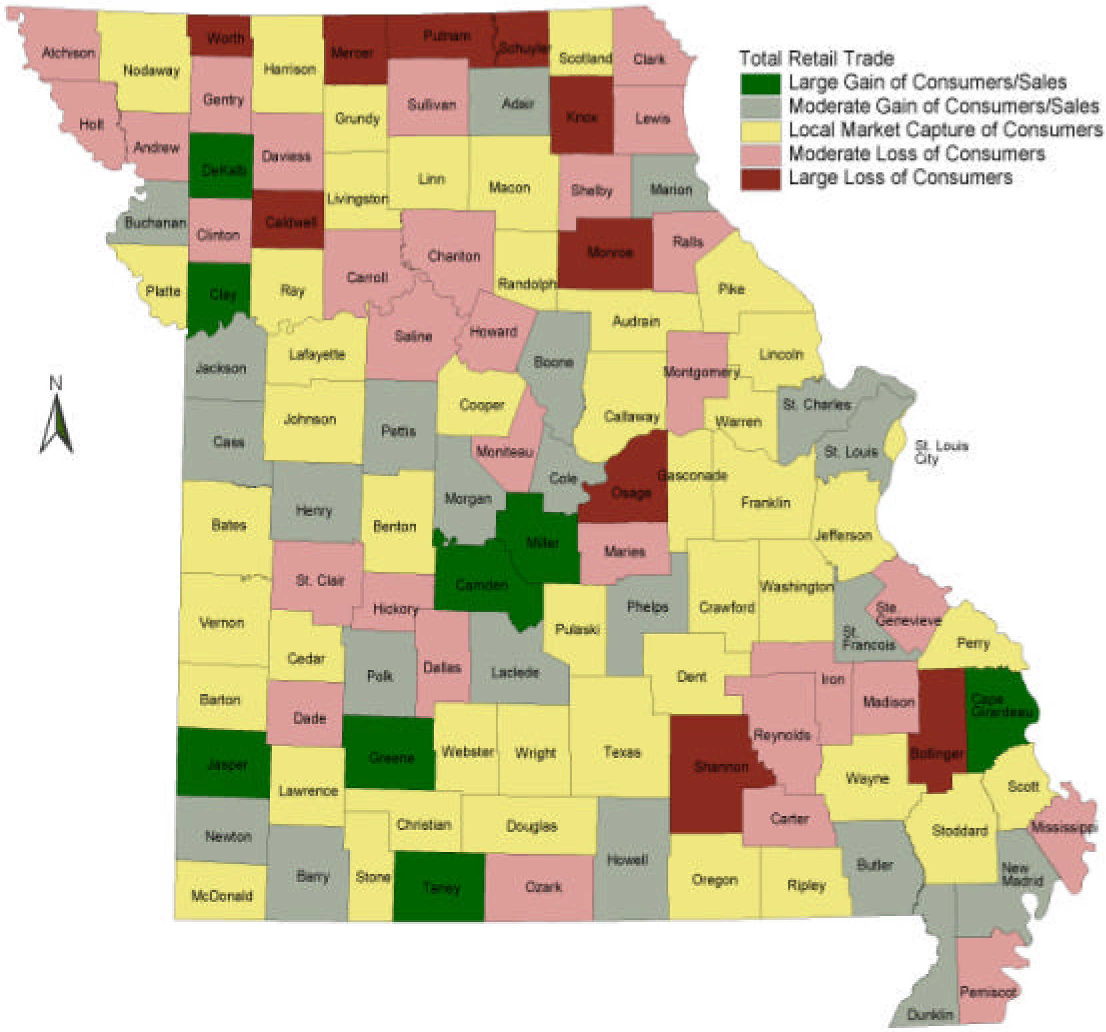
Number of Counties by Degree of Retail Trade Market Capture, 2001-2002



Source: Analysis by MERIC, MO Dept of Economic Development. Data from MO Dept of Revenue, US Dept of Commerce - Bureau of Economic Analysis and Bureau of the Census.

Retail Trade
Pull Factors, 2002

Based on 100 percent Local Market Capture.



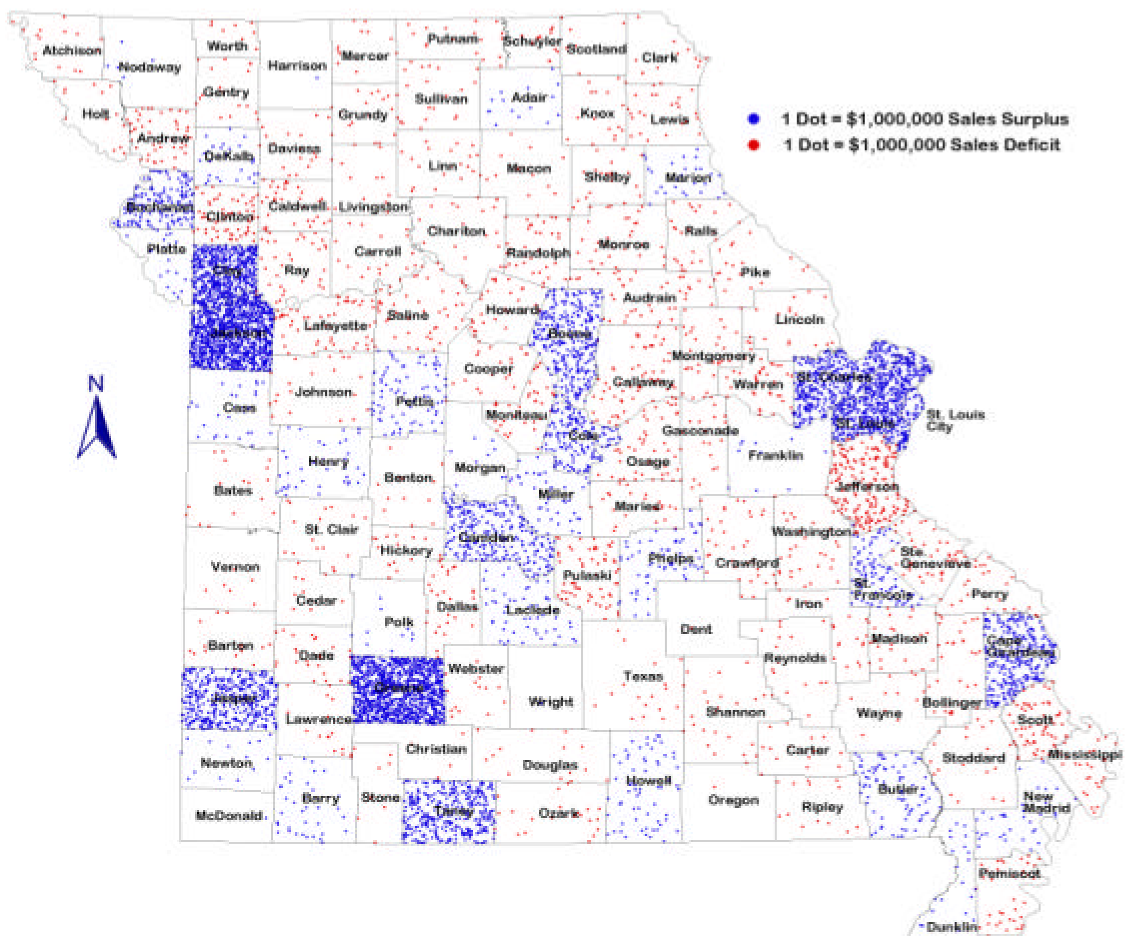
Source: Analysis by MERIC, MO Dept of Economic Development. Data from MO Dept of Revenue, US Dept of Commerce - Bureau of Economic Analysis and Bureau of the Census.

Based on to 2002 potential sales, counties that had the largest retail sales surpluses (actual dollars) include Greene, Jackson, St. Louis County, Clay, St. Charles, Jasper, Taney, Boone, Cape Girardeau and Camden. This indicates that these counties experienced more retail sales than would have been expected given their population and income, meaning that they are drawing sales from outside their borders or residents spent more on retail sales than the state average. These are mainly located in the metropolitan and tourism centers of the state, with well-developed infrastructure that may include large multi-purpose shopping complexes and/or major tourist destinations.

On the other hand, counties with the largest retail sales deficits in actual dollars were Jefferson, Scott, Pulaski, Clinton and Callaway. This indicates that these counties experienced less retail sales than would have been expected given their population and income. Although this finding seems counter-intuitive for urban areas, the answer is quite straightforward. Given the large population and relatively high per capita income of these counties, residents are most likely spending less per capita on retail sales than would be expected given their high income - relative to the state average. Thus, it is not that these urban counties are losing retail sales, but that their high-income residents are not spending as much as they could on retail sales given their income. Therefore, the potential sales in these areas are higher than the actual retail sales that occurred. This leads to a "leakage", where residents have spent less on retail sales than would have been expected given their income, or spent that income outside their county boundaries.

In all these cases, close proximity to an area with a well-developed retail sector seems to be drawing consumers away from local establishments in these counties. For example, St. Louis City, and cities in St. Louis and St. Charles counties may be drawing consumers away from Jefferson County. Cape Girardeau may draw its consumers from Scott County. Lake of the Ozarks and Rolla may attract consumers from Pulaski, while Clinton and Lafayette consumers may be pulled to Kansas City.

Retail Trade
Potential Sales, 2002
Based on 100 percent Local Market Capture.



Source: Analysis by MERIC, MO Dept of Economic Development. Data from MO Dept of Revenue, US Dept of Commerce - Bureau of Economic Analysis and Bureau of the Census.

IV. Missouri Retail Trade 2002 - Industry Detail

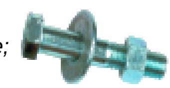
Retail trade sector performance in each county is assessed in terms of pull factors and potential sales. In the industry detail section, the largest losses and gains are compared for counties with disclosable sales figures, as in some counties the retail sales amount did not meet disclosure standards. Counties without disclosable sales have pull factors of zero and have negligible potential sales, and are recognized as having a loss of consumers, similar to counties with no sales.

Building Materials, Hardware and Garden Supplies

This sector includes retail establishments primarily engaged in selling lumber and other building materials; paint, glass, and wallpaper; hardware; nursery stock; lawn and garden supplies; and mobile homes. It includes lumber and other building materials dealers and paint, glass, and wallpaper stores selling to the general public, even if sales to construction contractors account for a larger proportion of total sales.

Goods sold in this sector include: Paint; glass; lumber;

wallpaper; hardware;



nursery stock; lawn and garden supplies mobile homes.

Counties with the largest gains in consumers in this category were Camden, Miller and Wright.

In 2002, areas that experienced the largest gains of retail consumers/sales from outside their borders in this category were the Lake of the Ozarks and the larger rural towns spread out across the state.

According to pull factors, 11 counties (10 percent) experienced large gains of retail consumers/sales from outside their borders. Counties with the largest gains in this category were Camden, Miller and Wright. Conversely, 42 counties (37 percent) experienced large losses of retail consumers/sales. Of the counties with disclosable sales, the largest losses were Caldwell, Ray and Vernon.

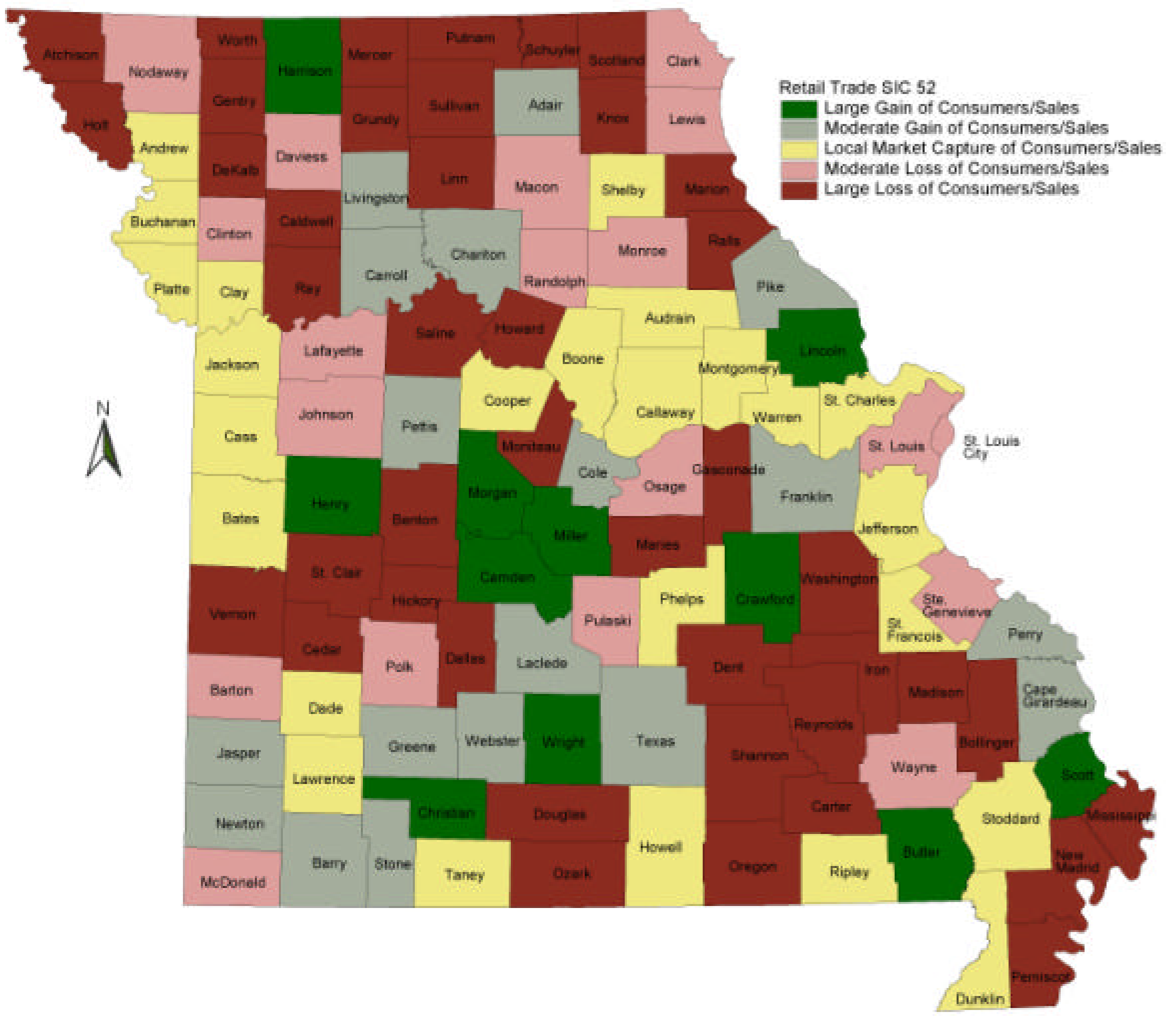
According to potential sales, counties with the highest retail sales surpluses (actual dollars) in this category include Greene, Jackson and Clay. These are mainly located in the metropolitan areas of the state, with well developed infrastructure that may include large multi-purpose shopping complexes. In addition, these counties also have a relatively large number of establishments and employees in this retail trade sector.

On the other hand, counties with the largest retail sales deficits (actual dollars) in this category were St. Louis, St. Louis City and Marion County. In the case of St. Louis City and County, these are areas with relatively high per capita incomes, and as a result consumers may not spend a proportionate amount of their income on retail goods and services - thus the deficit. In the case of Marion County, consumers may be drawn away from local establishments in the county to an area in close proximity, with a well developed urban center (Quincy) across the state line in Illinois.

Industry Profile

Sales Tax Revenue	$1,901,425,970
Employment	21,912
% of Retail Employment	4.41%
Average Wage per job	$23,895.94
Number of Establishments	1,567

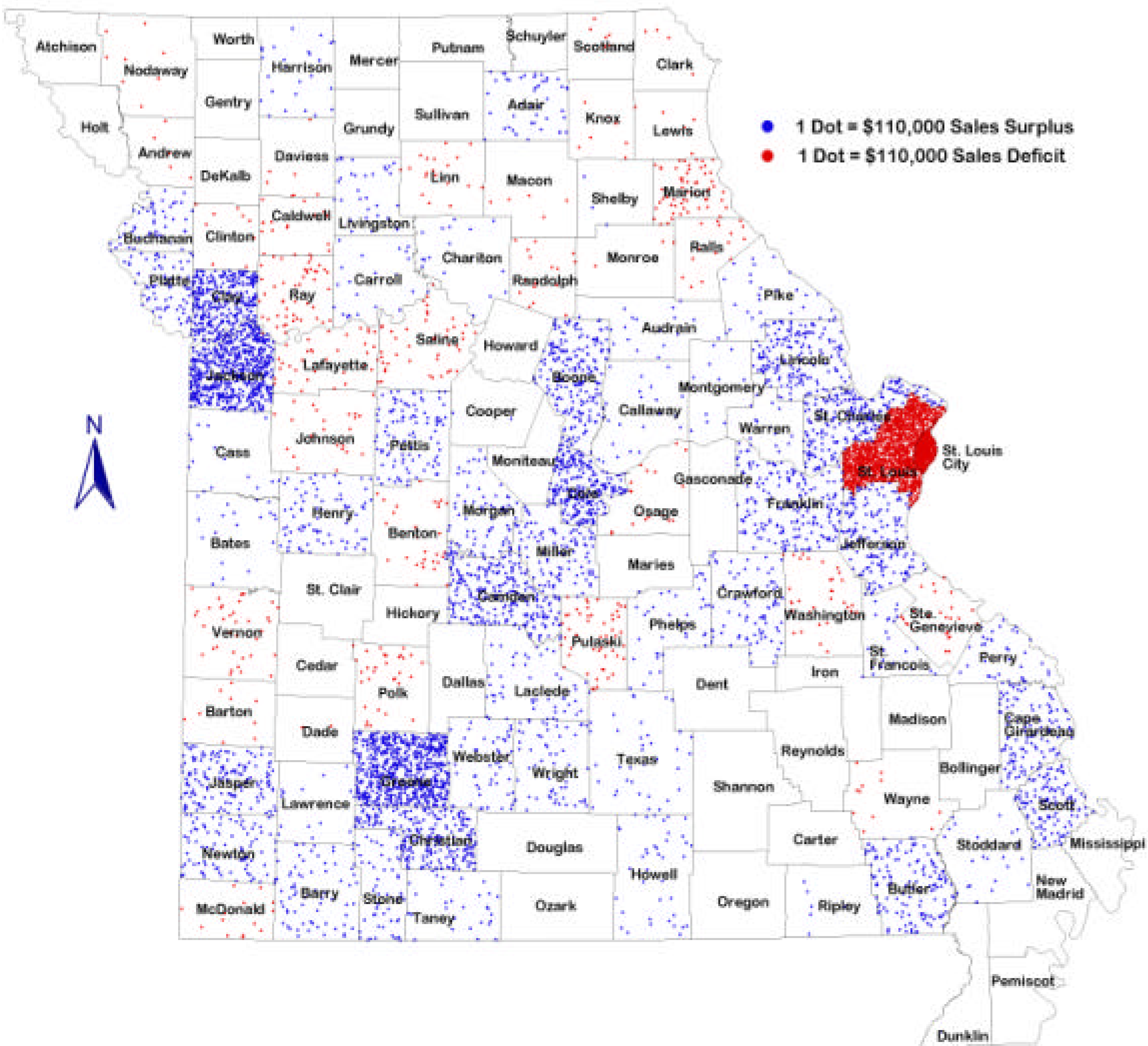
Building Materials, Hardware and Garden Supplies
Pull Factors, 2002
Based on 100 percent Local Market Capture.



Source: Analysis by MERIC, MO Dept of Economic Development. Data from MO Dept of Revenue, US Dept of Commerce - Bureau of Economic Analysis and Bureau of the Census.

Building Materials, Hardware and Garden Supplies
Potential Sales, 2002

Based on 100 percent Local Market Capture.



Source: Analysis by MERIC, MO Dept of Economic Development. Data from MO Dept of Revenue, US Dept of Commerce - Bureau of Economic Analysis and Bureau of the Census.

General Merchandise

This sector includes retail stores that sell a number of lines of merchandise, such as dry goods, apparel and accessories, furniture and home furnishings, small wares, hardware, and food. The stores included in this group are known by such names as department stores, variety stores, general merchandise stores and general stores. It excludes establishments primarily engaged in selling used general merchandise; and those selling general merchandise by mail, vending machine, or direct selling.

The merchandise sold in this category includes: dry goods,

apparel and accessories, furniture

and home furnishings, small wares

hardware, and food.

In 2002, areas that experienced the largest gains of retail consumers/sales from outside their borders in this category were Cameron, Joplin, Cape Girardeau, West Plains, Poplar Bluff and the Lake of the Ozarks.

According to pull factors, 13 counties (8 percent) experienced large gains of retail consumers/sales from outside their borders. Counties with the largest gains in this category were DeKalb, Jasper and Cape Girardeau. Conversely, 42 counties (37 percent) experienced large losses of retail consumers/sales. Counties with the largest losses were Iron, Hickory and Shelby. The large loss of consumers to other areas is mainly because large department stores which comprise much of general merchandise retail are usually centrally located in urban areas and areas with a highly developed infrastructure system. These loss counties also have low populations, which may act as a deterrent for the location of a large department store.

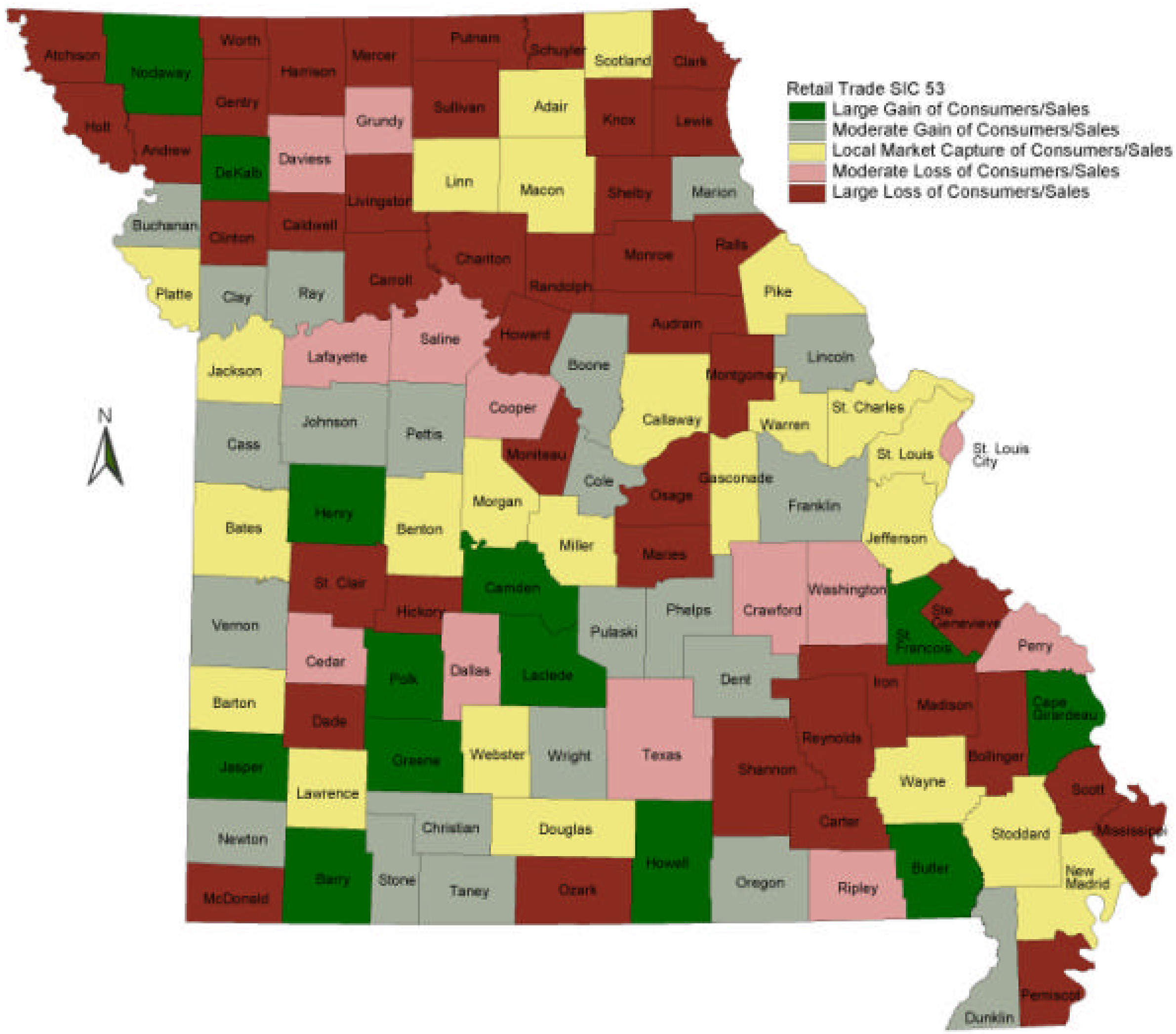
According to potential sales, counties with the largest retail sales surpluses (actual dollars) in this category were Greene, Jasper and Clay, all located in the metropolitan areas of the state.

On the other hand, counties with the largest retail sales deficits (actual dollars) in this category were St. Louis City, St. Louis County and Jackson. These are areas with relatively high per capita incomes. As a result, consumers may not spend a proportionate amount of their income on retail goods and services, thus the deficit. Furthermore, close proximity to an area with a well developed retail sector may draw consumers away from local retail establishments in these counties.

Industry Profile

Sales Tax Revenue	$8,343,005,421
Employment	72,778
% of Retail Employment	14.66%
Average Wage per job	$18,342.41
Number of Establishments	999

General Merchandise
Pull Factors, 2002
Based on 100 percent Local Market Capture.



Source: Analysis by MERIC, MO Dept of Economic Development. Data from MO Dept of Revenue, US Dept of Commerce - Bureau of Economic Analysis and Bureau of the Census.

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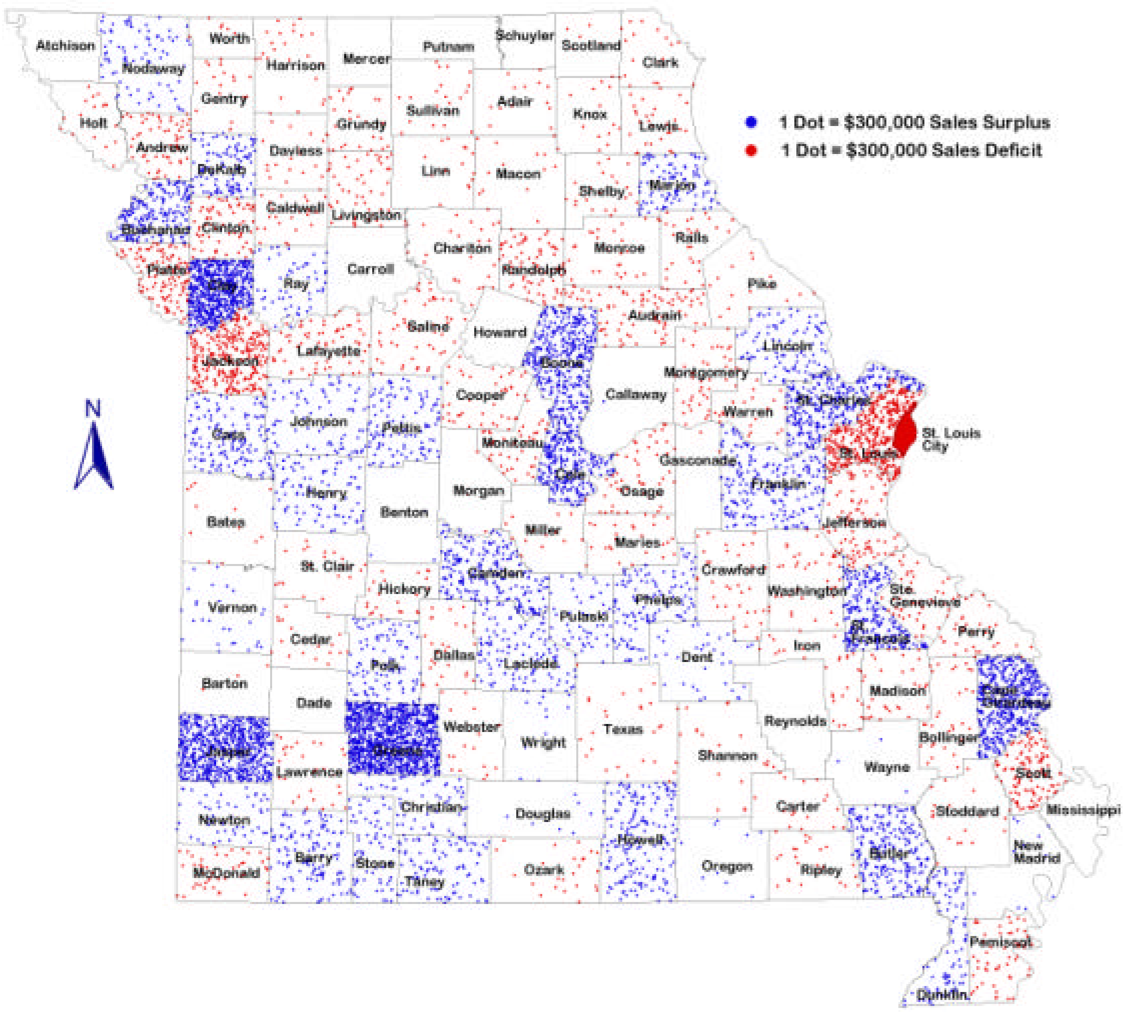
General Merchandise
Potential Sales, 2002

Based on 100 percent Local Market Capture.



Source: Analysis by MERIC, MO Dept of Economic Development. Data from MO Dept of Revenue, US Dept of Commerce - Bureau of Economic Analysis and Bureau of the Census.

Food

This sector includes retail stores primarily engaged in selling food for home preparation and consumption. Examples of these types of businesses include: grocery stores; meat and fish (seafood) markets; fruit and vegetable markets; candy, nut, and confectionery stores; dairy products stores; retail bakeries; and miscellaneous food stores. It excludes establishments primarily engaged in selling prepared foods and drinks for consumption on the premises; and selling packaged beers and liquors.

Businesses in this category sell food and drinks for home consumption.

In 2002, areas experiencing the largest gains in food retail consumers/sales from outside their borders were diffused in pockets throughout the state.

According to pull factors, 12 counties (10 percent) experienced large gains of retail consumers/sales from outside their borders. Counties with the largest gains in this category were Oregon, Taney and Morgan. Conversely, 7 counties (6 percent) experienced large losses of retail consumers/sales. Counties with the largest losses were Monroe, Andrew and Lincoln.

According to potential sales, counties with the largest retail sales surpluses (actual dollars) in this category included Jackson, Clay and Greene, all located in metropolitan areas of the state. They are all characterized by a well developed infrastructure; and a relatively large number of employees and establishments in the food sector.

On the other hand, counties with the largest retail sales deficits (actual dollars) in this category were Lincoln, Callaway and Pulaski. They are all located close to areas with high pull factors. The per capita income in Lincoln County is also relatively high, and as a result, consumers may not spend a proportionate amount of their income on food products, thus the deficit.

The majority of counties capture the local market of consumers.

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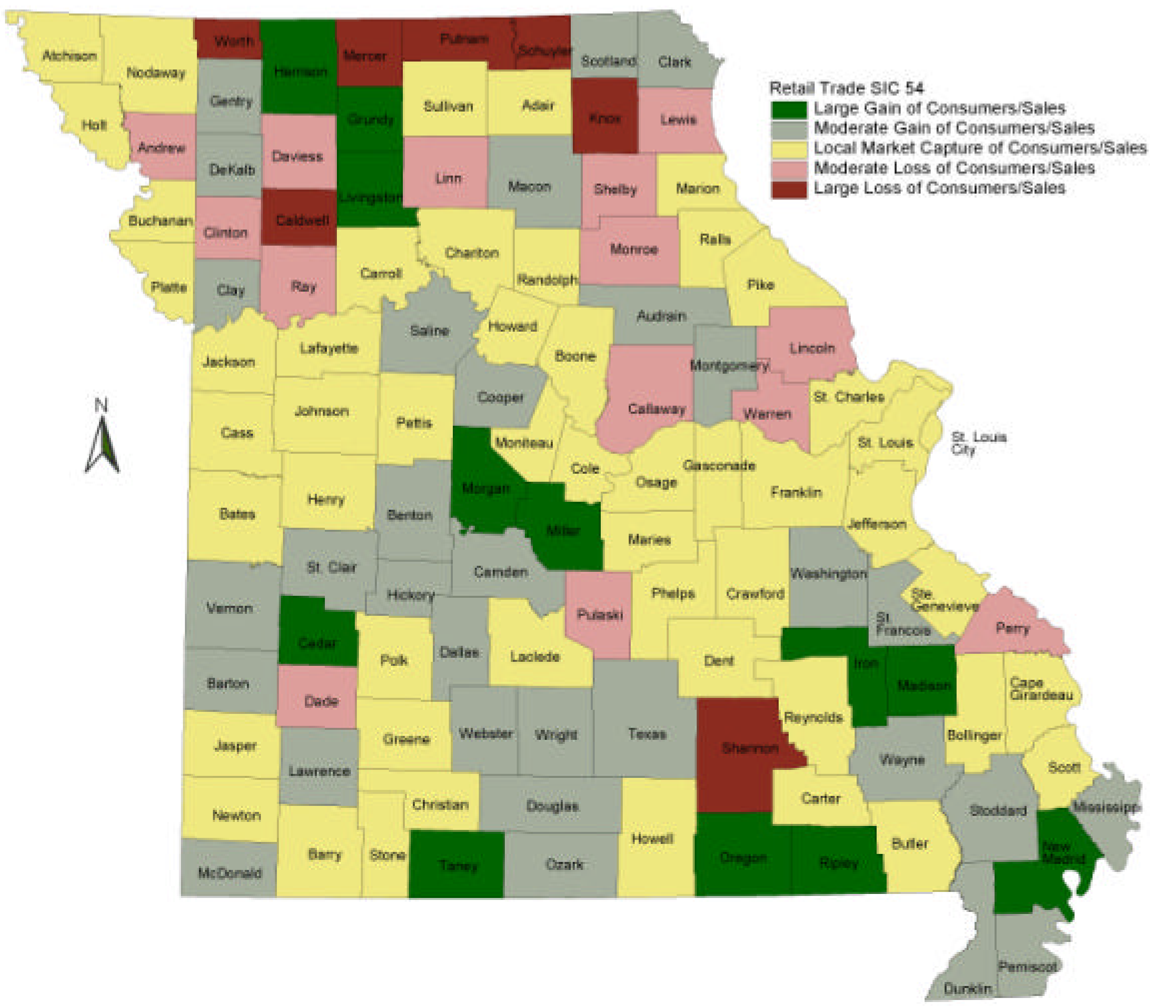
Industry Profile

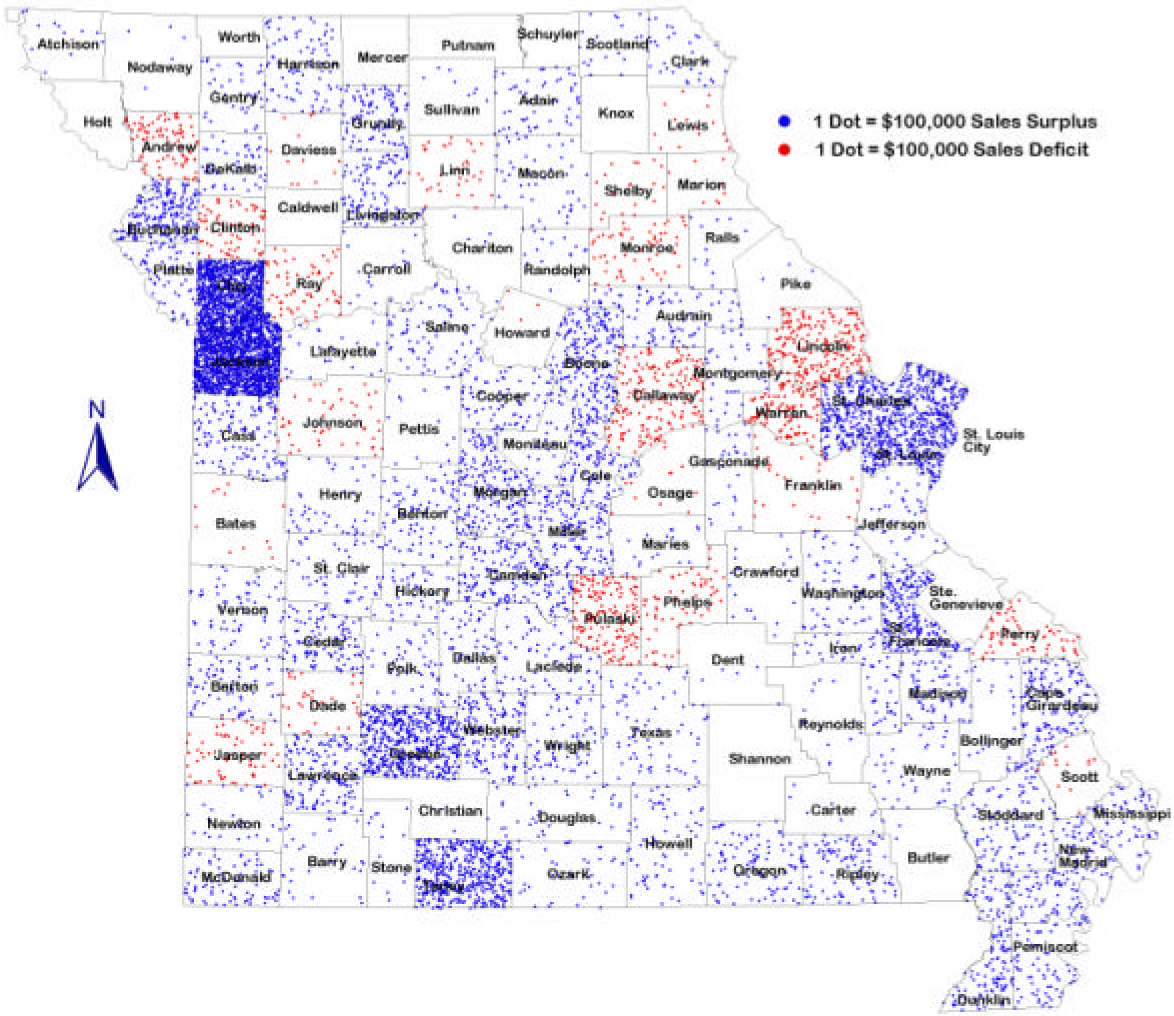
Sales Tax Revenue	$6,859,851,685
Employment	59,674
% of Retail Employment	12.02%
Average Wage per job	$17,588.71
Number of Establishments	2,632

Food
Pull Factors, 2002
Based on 100 percent local Market Capture.



Source: Analysis by MERIC, MO Dept of Economic Development. Data from MO Dept of Revenue, US Dept of Commerce - Bureau of Economic Analysis and Bureau of the Census.

Food
Potential Sales, 2002
Based on 100 percent Local Market Capture.



Source: Analysis by MERIC, MO Dept of Economic Development. Data from MO Dept of Revenue, US Dept of Commerce - Bureau of Economic Analysis and Bureau of the Census.

Automotive Dealers and Gasoline Service Stations

This sector includes retail dealers selling new and used automobiles, boats, recreational vehicles, utility trailers, motorcycles, and those selling new automobile parts and accessories. Automobile repair shops maintained by establishments engaged in the sale of new automobiles are also included. The sector also includes gasoline service stations primarily engaged in selling gasoline and lubricating oils. These establishments frequently sell other merchandise, such as tires, batteries, and other automobile parts, or perform minor repair work. Gasoline stations combined with other activities, such as grocery stores, convenience stores, or car washes, are classified according to the primary activity.

The products sold in this industry include: new and used vehicles, gasoline, lubricants, automobile parts and perform minor repairs.

In 2002, areas that experienced the largest gains of retail consumers/sales from outside their borders in this category were those with major highway junctions, major truck stops and in the Lake of the Ozarks.

According to pull factors, 8 counties (7 percent) experienced large gains of retail consumers/sales from outside their borders. Counties with the largest gains in this category were Adair, Schuyler and New Madrid. All of these counties have major north-south Interstate and US highways running through the counties, with Adair and Schuyler having US 63 and New Madrid and St. Genevieve having Interstate 55. Large numbers of gasoline stations are usually located along principal highways, accounting for the large volume of trade in this retail category.

Conversely, 27 counties (24 percent) experienced large losses of retail consumers/sales. Counties with the largest losses were Caldwell, St. Clair and Dent counties. These are all located close to other counties with large or moderate gains in automobile and gasoline service sales, which could possibly explain the pull of consumers out of these counties.

According to potential sales, counties with the largest retail sales surpluses (actual dollars) in this category were Clay, Jackson and St. Charles, all located in metropolitan areas of the state. These counties also have the largest numbers of employees as well as establishments in the automotive dealers and gasoline service stations sector.

On the other hand, counties with the largest retail sales deficits (actual dollars) in this category were Stone, Christian and Clinton. These are all located close to areas with large pull factors, thus drawing consumers away from the county.

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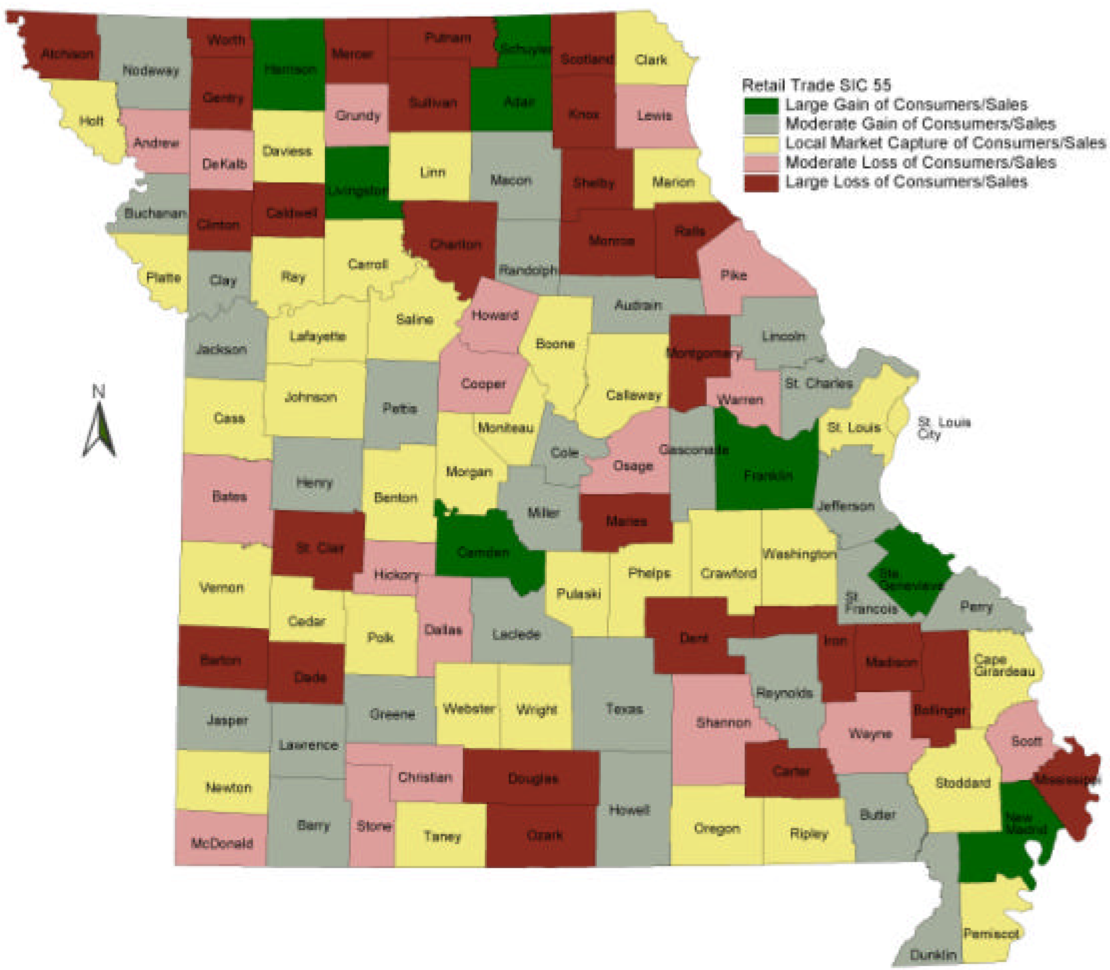
Industry Profile

Sales Tax Revenue	$1,869,499,629
Employment	60,592
% of Retail Employment	12.21%
Average Wage per job	$28,050.25
Number of Establishments	5,115

Automotive Dealers and Gasoline Service Stations
Pull Factors, 2002
Based on 100 percent local Market Capture.



Source: Analysis by MERIC, MO Dept of Economic Development. Data from MO Dept of Revenue, US Dept of Commerce - Bureau of Economic Analysis and Bureau of the Census.

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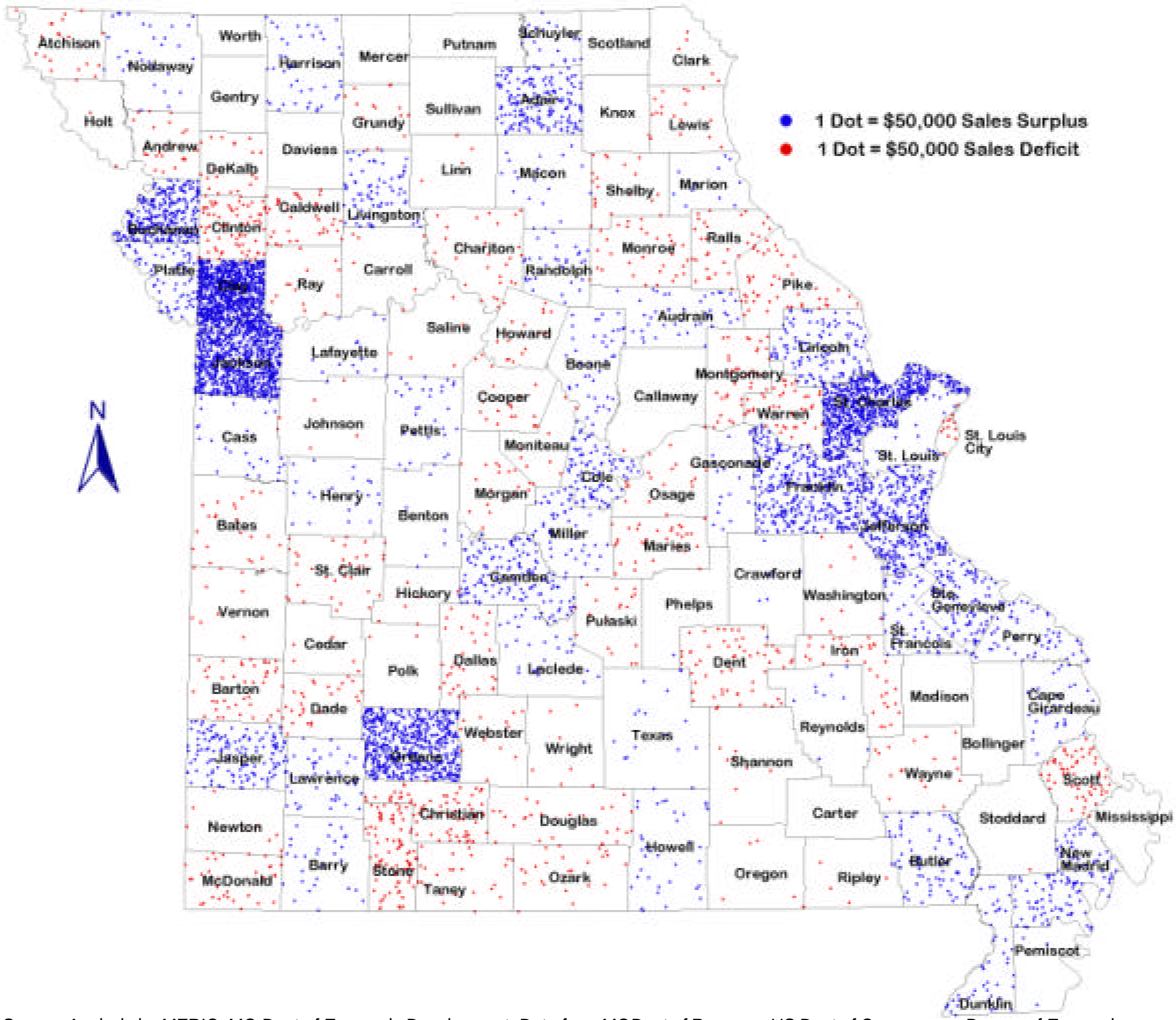
Automotive Dealers and Gasoline Service Stations
Potential Sales, 2002

Based on 100 percent Local Market Capture.



Source: Analysis by MERIC, MO Dept of Economic Development. Data from MODept of Revenue, US Dept of Commerce - Bureau of Economic Analysis and Bureau of the Census.